

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

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ADMINISTRATION FOR CHILDREN AND FAMILIES
Payments to States for Foster Care and Adoption Assistance

For making payments to States or other non-Federal entities under title IV-E of the Social Security Act, [\$5,063,300,000] *\$5,037,900,000*.

For making payments to States or other non-Federal entities, under title IV-E of the Act, for the first quarter of fiscal year [2005, \$1,767,700,000] *2006, \$1,767,200,000*.

For making, after May 31 of the current fiscal year, payments to States or other non-Federal entities under section 474 of title IV-E, for the last 3 months of the current fiscal year for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

Division E, H.R. 2673, Consolidated Appropriations Bill, FY 2004

Note: The President's Budget continues to support a legislative proposal supporting the creation of a child welfare program option for the Foster Care program which would require an additional \$36.6 million in FY 2005 and an increase in the advance for FY 2006 of \$54.7 million. These increases are offset in part by savings generated from a second legislative proposal to clarify the process for determining title IV-E eligibility in the Foster Care program. This proposal saves \$77 million in FY 2005 and reduces the advance for FY 2006 by \$17.5 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
Payments to States for Foster Care and Adoption Assistance

	<u>Amounts Available for Obligation</u>		
	<u>2003 Actual</u>	<u>2004 Final Conference</u>	<u>2005 Estimate</u>
Appropriation Annual (definite)	\$4,855,000,000	\$5,068,300,000	\$4,997,500,000
Permanent	1,754,000,000	1,745,600,000	1,767,700,000
Unobligated balance lapsing	-413,764,504	-366,200,000	0
Total obligations	\$6,195,235,496	\$6,447,700,000	\$6,765,200,000

Payments to States for Foster Care and Adoption Assistance

SUMMARY OF CHANGES

2004 Final Conference

Total estimated budget authority	\$6,813,900,000
(Obligations)	(\$6,447,700,000)

2005 Estimate	\$6,765,200,000
(Obligations)	(\$6,765,200,000)
Net change	-\$48,700,000
(Obligations)	(+\$317,500,000)

	2004 Current <u>Budget Base</u>	<u>Change from Base</u>
	Budget Authority	Budget Authority
Increases:		
A. <u>Built-in:</u>		
1. Adoption assistance -- Increase in children and payments	\$1,699,700,000	+\$70,400,000
Total Increases.....		+\$70,400,000
B. <u>Program:</u>		
1. Foster Care – Increase for new alternative funding option for foster care		+36,600,000
Total Program increases.....		+\$36,600,000
Decreases:		
A. Built-in		
1. Foster Care – decrease in children and payments	4,974,200,000	-78,700,000

B. Program:

1. Foster Care – Decrease for clarifying definition of home of removal in statute	-77,000,000
Total Program decreases	-\$155,700,000
Net Change.....	-\$48,700,000

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Activity

	<u>2003 Actual</u>	<u>2004 Final Conference</u>	<u>2005 Estimate</u>
Foster Care	\$4,884,500,000	\$4,974,200,000	\$4,855,100,000
Adoption Assistance.....	1,584,500,000	1,699,700,000	1,770,100,000
Independent Living	140,000,000	140,000,000	140,000,000
Total Budget Authority	\$6,609,000,000	\$6,813,900,000	\$6,765,200,000
(Total Obligations).....	(6,195,235,496)	(6,447,700,000)	

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Object

	<u>2004 Final Conference</u>	<u>2005 Estimate</u>	<u>Increase or Decrease</u>
Salaries and benefits (11.0, 12.0 & 13.0)	\$186,000	\$193,000	+\$7,000
Travel (21.0)	2,000	2,000	0
Communications, utilities and misc. (23.0)	116,000	116,000	0
Advisory and assistance services (25.1)	12,599,000	14,871,000	+2,272,000
Purchases from government accounts (25.3)	95,000	95,000	0
Research and development (25.5)	0	2,000,000	+2,000,000
Supplies and materials (26.0)	11,000	11,000	0
Equipment (31.0)	16,000	16,000	0
Grants, subsidies and contributions (41.0)	6,434,675,000	6,747,896,000	+313,221,000
Total Obligations	\$6,447,700,000	\$6,765,200,000	+\$317,500,000

ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

SIGNIFICANT ITEMS IN HOUSE, SENATE AND CONFERENCE APPROPRIATIONS COMMITTEE REPORTS

The following section represents FY 2003 Congressional requirements for reports and significant items derived from House Report 108-188 (Labor, Health and Human Services and Education). These actions discussed below are contingent on inclusion of similar language and funding in the final FY 2004 appropriation and related reports. Additional items may be transmitted at a later date as a result of the final Conference report.

FY 2004 House Appropriations Committee Report language (H.Rpt 108-188)

Item

Child welfare systems – The conferees are concerned that children continue to be left unaccounted for and underserved within state child welfare systems. Protecting the Nation's most vulnerable populations, especially youth in state protective care, should receive significant attention. The conferees are aware of a project being developed by Rx for Reading that would provide a model for a case management tool housing all of the health and education records of children in the care of the counties of the State of California, including those in foster care and residential facilities, in a web browser-based database. The conferees understand that this database could replace a number of stand alone, antiquated databases and automate manual record keeping, which would enable caregivers, foster families, educators, doctors and case workers to easily access and update information relating to their services and functions through secure portals. (p. 972)

Action taken or to be taken

Title IV-B of the Social Security Act [section 422 (b) (10)] requires that states assure the Secretary that they are operating a statewide information system from which they can readily determine the status, demographic characteristics, location, and goals for the placement of every child who is, or within the past 12 months was in foster care. To facilitate the requirement to track the status of children in foster care, the Omnibus Budget Reconciliation Act (OBRA) of 1993 authorized HHS to provide enhanced federal financial participation to assist states to develop Statewide Automated Child Welfare Information Systems (SACWIS). These comprehensive case management systems are intended to support social workers providing services offered under a state's child welfare program. Regulations at 45 CFR 1355.53 provide the conditions for HHS to approve funding to build and operate a SACWIS if the state elects to pursue the implementation of a comprehensive case management system.

Currently, 46 states and the District of Columbia are at some stage of SACWIS planning, development or operation. This is a strong testament of the value states place on these systems considering there are no requirements to build these systems and there has never been an AFCARS-type penalty associated with SACWIS. Encouraging the development, operation, and

maintenance of multiple redundant systems will negate the significant investment in these SACWIS systems and increase the overall costs to support multiple Child Welfare-related information systems.

It is not clear how the Rx for Reading project would interface with these comprehensive SACWIS systems. We would discourage states from developing tools which would parallel or duplicate features of the state SACWIS system.

Payments to States for Foster Care and Adoption Assistance

Authorizing Legislation

	<u>2004 Amount Authorized</u>	<u>2004 Final Conference</u>	<u>2005 Amount Authorized</u>	<u>2005 Estimate</u>
1. Foster Care [Section 470 of the Social Security Act]	Such sums	\$4,974,200,000	Such sums	\$4,855,100,000
2. Independent Living [Sections 470 and 477 of the Social Security Act]	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000
3. Adoption Assistance [Section 470 of the Social Security Act]	Indefinite	\$1,699,700,000	Indefinite	\$1,770,100,000
Total Budget Authority		\$6,813,900,000		\$6,765,200,000
Appropriation against definite authorization		\$140,000,000		\$140,000,000

APPROPRIATIONS HISTORY TABLE
Payments to States for Foster Care and Adoption Assistance

	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1996	4,307,842,000	4,307,842,000	4,322,238,000	4,322,238,000
1997	4,445,000,000	4,445,031,000	4,445,031,000	4,445,031,000
1998	4,311,000,000	4,311,000,000	4,311,000,000	4,311,000,000
1999				
Advance ¹	1,157,700,000	1,157,500,000	1,157,500,000	1,157,500,000
Appropriation	3,964,000,000	3,764,900,000	3,964,000,000	3,764,000,000
2000				
Advance	1,355,300,000	1,355,300,000	1,355,300,000	1,355,300,000
Appropriation	4,312,300,000	4,307,300,000	4,312,000,000	4,307,300,000
Supplemental	35,000,000	35,000,000	35,000,000	35,000,000 ²
2001				
Leg. proposal	5,000,000	0	0	0
Advance	1,549,700,000	1,538,000,000	1,538,000,000	1,538,000,000
Appropriation	4,863,100,000	4,863,100,000	4,863,100,000	4,863,100,000
2002				
Advance	1,735,900,000	1,735,900,000	1,735,900,000	1,735,900,000
Appropriation	4,885,000,000	4,885,600,000	4,885,600,000	4,885,600,000
Leg. proposal	60,000,000	0	0	0
Rescission				8,000
2003				
Advance	1,754,000,000	1,754,000,000	1,754,000,000	1,754,000,000
Appropriation	4,801,800,000	4,855,000,000	4,855,000,000	4,855,000,000
2004				
Advance	1,745,600,000	1,745,600,000	1,745,600,000	1,745,600,000
Appropriation	4,967,400,000	5,068,300,000	5,068,300,000	5,068,300,000
Leg. Proposal	35,300,000			
2005				
Advance	1,767,700,000	1,767,700,000	1,767,700,000	
Appropriation	5,037,900,000			
Leg. Proposal	-40,400,000			
2006				
Advance	1,767,200,000			
Leg. Proposal	37,200,000			

¹ Beginning in the FY 1998 appropriations bill, the Congress began appropriating the first quarter of the next fiscal year for this program in addition to the regular appropriation.

² Reflects \$35 million in supplemental funding for the Independent Living Program.

Payments to States for Foster Care and Adoption Assistance

Justification

	2003 Enacted	2004 Final Conference	2005 Estimate	Increase or Decrease
Foster Care	\$4,884,500,000	\$4,974,200,000	\$4,855,100,000	-\$119,100,000
Adoption Assistance	1,584,500,000	1,699,700,000	1,770,100,000	+\$70,400,000
Independent Living	140,000,000	140,000,000	140,000,000	0
Total, BA.....	\$6,609,000,000	\$6,813,900,000	\$6,765,200,000	-\$48,700,000
(Total Obligations)	(\$6,195,235,496)	(\$6,447,700,000)		

General Statement

Child welfare programs are designed to enhance the capacity of families to raise children in a nurturing, safe environment; to protect children who have been or are at risk of being abused or neglected; to provide safe, stable, family-like settings consistent with the needs of each child when remaining at home is not in the best interest of the child; to reunite children with their biological families when appropriate; and to secure adoptive homes or other permanent living arrangements for children whose families are not able to care for them. Ensuring the health and safety of the child is always of primary importance in delivering any child welfare service. Key federal entitlement programs supporting child welfare services include the Foster Care, Adoption Assistance, Independent Living, and Promoting Safe and Stable Families programs. Discretionary programs include Child Welfare Services State grants, Child Welfare Training, Child Abuse and Neglect State grants, the Community-Based Family Resource and Support grants, the Abandoned Infants Assistance program, the Adoption Opportunities program, and the Adoption Incentives program.

Payments to States for Foster Care and Adoption Assistance include those entitlement programs which assist states with the costs of maintaining eligible children in foster care, preparing children for living on their own, and adopting children under special conditions. Administrative and training costs are also supported.

The FY 2005 request of \$6.765 billion reflects current law of \$6.806 billion adjusted by -\$0.04 billion assuming Congressional action on proposed legislation as follows:

- Alternative funding option for the Foster Care program: This proposal would give states more flexibility in both the population served and the activities which are allowable under Title IV-E. This proposal would allow states to receive up-front funding to finance prevention and other child welfare efforts. The up-front funding estimated for FY 2005 is \$36.6 million, however, this proposal is cost neutral over five years.
- Amend definition of “home of removal”: This proposal would clarify the language regarding “home of removal” in the eligibility of children for title IV-E foster care maintenance payments. The 9th Circuit Court of Appeals ruled against the federal government in the *Rosales v. Thompson* case in March of 2003. ACF seeks to amend the statute so that the statute and the Department’s long-standing interpretation of the Social Security Act are in full accord. Doing so will prevent increased costs to the Federal government resulting from new title IV-E claims from states within the 9th Circuit and will prevent inconsistent policy interpretations and ultimately legal and policy challenges from states outside of the 9th Circuit. This policy will generate savings to the federal government of approximately \$77 million in FY 2005 and \$375 million over five years.

The request also includes \$1,804,400,000 for the first quarter of FY 2006. These funds will ensure the timely awarding of first quarter grants. This amount also includes \$54.7 million to support the child welfare program option discussed above.

The following tables illustrate how the FY 2005 request for new budget authority was derived:

<u>IV-E Program</u>	Appropriated in 2004 for the First Quarter of <u>2005</u> ¹	Requirement for Quarters 2, 3, and 4 <u>2005</u>	First Quarter Requirement for <u>2006</u>	Total 2005 <u>Estimate</u>
Foster Care	\$1,260,100,000	\$3,595,000,000	\$1,287,600,000	\$4,855,100,000
Adoption Assistance	\$472,600,000	\$1,297,500,000	\$481,800,000	\$1,770,100,000
Independent Living	\$35,000,000	\$105,000,000	\$35,000,000	\$140,000,000
Total, IV-E	\$1,767,700,000	\$4,997,500,000	\$1,804,400,000	\$6,765,200,000

¹ These are the amounts included in the FY 2004 Conference Report for the first quarter of 2005.

FOSTER CARE

Authorizing Legislation — Section 470 of the Social Security Act

2003 Enacted	2004 Final Conference	2005 Estimate	Increase or Decrease
\$4,884,500,000	\$4,974,200,000	\$4,855,100,000	-\$119,100,000

2005 Authorization....Indefinite (with legislative modifications proposed in the FY 2004 and FY 2005 budget).

Purpose and Method of Operation

Consistent with ACF's goal to improve healthy development, safety, and well-being of children and youth and to increase the safety, permanency, and well-being of children and youth, this program provides funds to states for foster care maintenance payments; administrative costs to manage the program, including costs for statewide automated information systems; and training of staff and foster and adopting parents.

The system is an annually appropriated entitlement program with specific eligibility requirements and fixed allowable uses of funds. Federal financial participation in state expenditures for foster care maintenance payments is provided at the Medicaid match rate for medical assistance payments, which varies among states from 50 percent to 79 percent. Federal financial participation for state administrative expenditures is made at a 50 percent rate and at a 75 percent rate for the training of state or local agency personnel, foster parents, or staff of state licensed or approved institutions.

The Social Security Act links the title IV-E programs, including Foster Care, to title IV-B programs (the Child Welfare Services State Grant Program and the Promoting Safe and Stable Families Program). The same state agency must administer or supervise the administration of the programs. The goal of the programs is to strengthen families in which children are at risk. Taken together, these programs provide a continuum of services to assist children and their families. The Social Security Act also authorizes the Adoption and Foster Care Analysis Reporting System (AFCARS). This mandatory data collection system collects information from the states on all children in foster care who are the responsibility of state child welfare agencies and all children adopted with the involvement of state child welfare agencies.

ACF continues to strongly support the Child Welfare Program Option introduced in the President's 2004 Budget. This proposal would allow states the option to receive their foster care funding as a flexible grant for a period of five years or to maintain the program as it is currently funded. The option would provide states with the flexibility to develop a seamless child welfare system that supports a continuum of services to families in crisis and children at risk. States that choose the grant option would be able to use the funds for foster care payments, prevention activities, permanency efforts (including subsidized guardianships), case management,

administrative activities (including developing and operating state information systems), training for child welfare staff and other such service related child welfare activities. States would be able to develop innovative and effective systems for preventing child abuse and neglect, keeping families and children safely together, and moving children toward adoption and permanency quickly.

As part of the FY 2005 President's Budget, ACF is proposing a legislative change in response to the U.S. Court of Appeals for the Ninth Circuit *Rosales v. Thompson* decision, 321 F. 3d 835 (9th Cir. 2003). The Ninth Circuit held that when determining a child's title IV-E eligibility, agencies must provide title IV-E benefits to a child who would have been eligible for Aid to Families with Dependent Children (as it was in effect on July 16, 1996) ("AFDC") in either the home of a specified relative from which the child legally was removed, or the home of a specified relative in which the child lives. This decision is in conflict with the Department's long-standing interpretation of Section 472(a) of the Social Security Act. Therefore, we are proposing to amend this section of the Act to clarify that a child's title IV-E foster care maintenance payment eligibility is linked inextricably to the specified relative's home from which the child is removed and is based on whether the child would have been eligible for AFDC in that home (the child's "home of removal") as it was in effect on July 16, 1996.

Funding for Foster Care maintenance payments, administration, and training during the last five fiscal years has been as follows:

2000	.....	\$4,537,200,000
2001	.....	\$5,063,500,000
2002	.....	\$5,055,492,000
2003	.....	\$4,884,500,000
2004	.....	\$4,974,200,000

Rationale for the Budget Request

In FY 2005, federal assistance of \$4,855,100,000 is requested, a decrease of \$119,100,000 compared to the FY 2004 Conference level. Of this amount, \$1,260,100,000 was made available for the first quarter of FY 2005 in the FY 2004 Conference report. In addition, \$1,287,600,000 is requested for the first quarter of FY 2006 to ensure timely first quarter grant awards. This request includes funding for the child welfare alternative funding option proposed in the FY 2004 budget, as well as savings resulting from the clarification of the language surrounding "home of removal" in the Social Security Act.

Section 472 of the Social Security Act establishes eligibility criteria for title IV-E foster care maintenance payments. Specifically, § 472(a)(4)(B)(ii) provides for foster care maintenance payments to the child who: 1) has been living with a specified relative within six months of the time that removal proceedings were initiated (or a voluntary placement agreement was entered) and 2) would have received AFDC in the month that the he/she was removed. The Department's long-standing interpretation of the foregoing provision has been that a child's eligibility for AFDC (as it was in effect on July 16, 1996) is linked inextricably to the home of the custodial relative from which the child is removed.

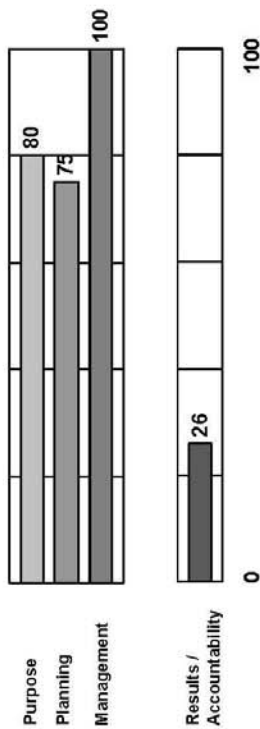
The *Rosales* decision contravenes the Department's long-standing interpretation of §472(a)(4) by interpreting § 472(a)(4) to mean that states may consider whether the child is AFDC eligible in *either* the home of the custodial relative from which the child is removed *or* the home where the child is living. As a result of the *Rosales* decision the federal government will be responsible for paying title IV-E foster care maintenance payments for a new group of children who reside in states within the 9th Circuit.

ACF proposes to amend the statute so that the statute and the Department's long-standing interpretation of § 472 are clearly in full accord. Doing so will prevent increased costs to the Federal government resulting from new title IV-E claims from states within the 9th Circuit and will prevent inconsistent policy interpretations and ultimately legal and policy challenges from states outside of the 9th Circuit.

A PART assessment was conducted for this program in FY 2004 and helped inform the creation of the FY 2004 budget proposal to create a flexible funding option for states within the Foster Care program. In addition, this program was re-assessed in FY 2005 and the PART summary follows on the next page.

Program: Foster Care

Agency: Department of Health and Human Services
Bureau: Children's Bureau, ACYF, ACF



Key Performance Measures	Year	Target	Actual
Long-term Measure: The cumulative number of adoptions from the public child welfare system, 2003-2008.	2008	327000	
Annual Measure: Decrease the percentage of children with substantiated reports of maltreatment that have a repeated report within six months.	2001	7%	9%
	2002	7%	
	2003	7%	
	2004	7%	
Annual Measure: For those children who had been in foster care less than 12 months, increase the percentage that had no more than two placement settings.	2001	72%	83%
	2002	60%	81%
	2003	62%	
	2004	80%	

Rating: Adequate

Program Type: Block/Formula Grant

Program Summary:

The purpose of the federal foster care program is to prevent maltreatment and abuse of children in troubled families by providing a stable temporary home – a foster care family – until the children can safely return to their homes, or a permanent home is found. Foster Care Maintenance Payments go to foster parents to cover the costs of a child's food, shelter, clothing, supervision, and travel home for visits.

The reassessment once again indicates that the overall purpose of the program is clear and addresses a specific need. The reassessment found that the agency had taken several steps to act on recommendations of the FY 2004 assessment related to performance measurement. Findings include:

1. The agency has moved toward more specific and ambitious program performance goals.
2. There is still a lack of independent evaluations, and the budget and program goals are not aligned.
3. Because the program financial structure does not provide appropriate incentives for the permanent placement of children, the program is suboptimal in design.

To address these findings, the Administration re-proposes legislation to introduce an option available to all states to participate in an alternative financing system for child welfare that will better meet the needs of each state's foster care population.

Program Funding Level (in millions of dollars)

2003 Actual	2004 Estimate	2005 Estimate
4.451	4.706	4.871

Resource and Program Data
Foster Care

	2003 Enacted	2004 Final Conference	2005 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$4,561,445,789	4,672,925,000	\$4,839,895,811
Discretionary			
Research/Evaluation			2,000,000
Demonstration/Development			
Training/Technical Assistance	11,552,102	11,750,000	12,604,189
Program Support ¹	320,242	325,000	600,000
Total, Resources	\$4,573,318,133	\$4,685,000,000 ²	\$4,855,100,000
<u>Program Data:</u>			
Number of Grants	53	53	52
New Starts:			
#	52	52	52
\$	\$4,561,445,789	\$4,672,925,000	\$4,839,895,811
Continuations:			
#	1	1	0
\$	\$1,150,000	\$1,150,000	\$0
Contracts:			
#	4	4	6
\$	\$10,651,524	\$10,854,000	\$15,133,189
Interagency Agreements:			
#	0	0	0
\$			

¹ Includes funding for information technology support, contractor fees and contractor support.

² Assumes lapse of \$289.2 million.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2005 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Title IV-E Foster Care (CFDA #93.658)

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Alabama	\$29,031,412	\$29,740,924	\$30,570,672	\$829,748
Alaska	10,179,664	10,428,449	10,719,394	290,945
Arizona	43,218,439	44,274,674	45,509,901	1,235,227
Arkansas	31,795,023	32,572,076	33,480,810	908,734
California	1,340,947,025	1,373,719,026	1,412,044,674	38,325,648
Colorado	56,437,938	57,817,250	59,430,304	1,613,054
Connecticut	31,591,617	32,363,699	33,266,620	902,921
Delaware	8,731,275	8,944,663	9,194,212	249,549
District of Columbia	24,732,553	25,337,003	26,043,885	706,882
Florida	97,342,821	99,721,826	102,503,984	2,782,158
Georgia	31,260,611	32,024,603	32,918,063	893,460
Hawaii	16,962,371	17,376,922	17,861,724	484,802
Idaho	6,343,489	6,498,520	6,679,823	181,303
Illinois	378,962,974	388,224,619	399,055,770	10,831,151
Indiana	46,230,449	47,360,296	48,681,610	1,321,314
Iowa	18,202,930	18,647,800	19,168,058	520,258
Kansas	26,592,777	27,242,690	28,002,739	760,049
Kentucky	50,284,748	51,513,679	52,950,869	1,437,190
Louisiana	51,345,195	52,600,043	54,067,541	1,467,498
Maine	31,911,723	32,691,628	33,603,698	912,070
Maryland	127,019,012	130,123,286	133,753,620	3,630,334
Massachusetts	76,789,047	78,665,729	80,860,439	2,194,710
Michigan	130,617,837	133,810,065	137,543,257	3,733,192
Minnesota	70,374,035	72,093,937	74,105,299	2,011,362
Mississippi	8,767,189	8,981,454	9,232,029	250,575
Missouri	55,858,766	57,223,923	58,820,424	1,596,501
Montana	17,415,254	17,840,873	18,338,619	497,746
Nebraska	20,999,627	21,512,846	22,113,037	600,191
Nevada	13,510,189	13,840,371	14,226,506	386,135
New Hampshire	15,876,910	16,264,933	16,718,711	453,778
New Jersey	71,417,939	73,163,354	75,204,552	2,041,198
New Mexico	19,541,896	20,019,489	20,578,016	558,527
New York	462,301,701	473,600,099	486,813,157	13,213,058
North Carolina	48,572,696	49,759,786	51,148,044	1,388,258
North Dakota	10,813,527	11,077,804	11,386,866	309,062

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Ohio	232,679,895	238,366,463	245,016,694	6,650,231
Oklahoma	27,633,107	28,308,445	29,098,228	789,783
Oregon	36,417,269	37,307,287	38,348,130	1,040,843
Pennsylvania	272,078,242	278,727,684	286,503,960	7,776,276
Rhode Island	13,487,403	13,817,028	14,202,512	385,484
South Carolina	28,950,671	29,658,209	30,485,649	827,440
South Dakota	5,635,232	5,772,954	5,934,015	161,061
Tennessee	22,184,614	22,726,794	23,360,853	634,059
Texas	161,687,547	165,639,101	170,260,297	4,621,196
Utah	16,947,144	17,361,323	17,845,690	484,367
Vermont	11,180,847	11,454,101	11,773,661	319,560
Virginia	85,425,610	87,513,365	89,954,917	2,441,552
Washington	62,022,698	63,538,498	65,311,170	1,772,672
West Virginia	23,877,913	24,461,476	25,143,931	682,455
Wisconsin	62,832,284	64,367,870	66,163,681	1,795,811
Wyoming	2,603,620	2,667,251	2,741,665	74,414
Subtotal	4,547,624,755	4,658,766,188	4,788,741,980	129,975,792
Puerto Rico	13,821,034	14,158,812	14,553,831	395,019
Subtotal	13,821,034	14,158,812	14,553,831	395,019
Total States/Territories	4,561,445,789	4,672,925,000	4,803,295,811	130,370,811
Technical Assistance	11,872,344	12,075,000	15,204,189	3,129,189
New Program Option			36,600,000	36,600,000
Subtotal Adjustments	11,872,344	12,075,000	51,804,189	39,729,189
TOTAL RESOURCES	\$4,573,318,133	\$4,685,000,000¹	\$4,855,100,000	\$170,100,000

¹ Assumes lapse of \$289.2 million.

ADOPTION ASSISTANCE

Authorizing Legislation — Section 470 of the Social Security Act.

2003 Enacted	2004 Final Conference	2005 Estimate	Increase or Decrease
\$1,584,500,000	\$1,699,700,000	\$1,770,100,000	+\$70,400,000

2005 Authorization....Indefinite.

Purpose and Method of Operation

The Adoption Assistance program, consistent with ACF's goals to improve healthy development, safety, and well-being of children and youth and to increase the safety, permanency, and well-being of children and youth, provides funds to states to subsidize families that adopt children with special needs who cannot be reunited with their families, thus preventing long, inappropriate stays in foster care. To receive adoption assistance benefits, a child must have been determined by the state to be a special needs child, e.g., be older, a member of a minority or sibling group, or have a physical, mental, or emotional disability. Additionally, the child must have been:

- unable to return home, and the state must have been unsuccessful in its efforts to adopt without medical or financial assistance; and
- receiving or eligible to receive Aid to Families with Dependent Children, as in effect on July 16, 1996, or title IV-E Foster Care benefits, or Supplemental Security Income benefits.

Funds also are used for the administrative costs of managing the program and training staff and adoptive parents.

Adoption Assistance is an annually appropriated entitlement program. Federal financial participation in state maintenance expenditures is provided at the Medicaid match rate for medical assistance payments, which varies among states from 50 percent to 79 percent. State adoption subsidy payments made on behalf of individual children also vary from state to state but may not exceed foster family care rates for comparable children. State administrative costs are matched at a 50 percent rate and training for state and local employees and adoptive parents at a 75 percent rate.

The number of children subsidized by this program and the level of federal reimbursement have increased significantly as permanent adoptive homes are found for more children. Over the past five years, the average monthly number of children for whom payments were made has more than doubled, from just fewer than 147,000 in FY 1997 to an estimated 315,000 in FY 2003.

Funding for Adoption Assistance over the past five years has been as follows:

2000	.....	\$1,020,100,000
2001	.....	\$1,197,600,000
2002	.....	\$1,426,000,000
2003	.....	\$1,584,500,000
2004	.....	\$1,699,700,000

Rationale for the Budget Request

Title IV-E Adoption Assistance provides federal assistance to states to support the adoption of eligible children with special needs. In FY 2005 an estimated average of 375,900 children per month, an increase of 31,000 children over FY 2004, will have payments made on their behalf, at an estimated cost of \$1,770,100,000, of which \$472,600,000 was appropriated in FY 2004 for the first quarter of FY 2005. This amount includes funds for the costs of administration and training. In addition, the request includes \$481,800,000 for the first quarter of FY 2006 to ensure timely first quarter grant awards.

The amount requested, together with amounts requested for child welfare discretionary programs, will assist in achieving the performance goal of providing children with permanency and stability in their living situations and minimizing disruption to the continuity of family and other relationships through:

- Increasing the percentage of children who exit the foster care system and are adopted within two years of placement from 23 percent in FY 2001 to 28 percent in FY 2005;
- Increasing the number of adoptions out of the public child welfare system to 62,000 in FY 2005; and
- Maintaining the percentage of children who exit the foster care system through reunification within one year of placement at 67 percent in FY 2005.

Resource and Program Data
Adoption Assistance

	2003 Enacted	2004 Final Conference	2005 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,481,955,735	\$1,622,700,000	\$1,770,100,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,481,955,735	\$1,622,700,000 ¹	\$1,770,100,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$1,481,955,735	\$1,622,700,000	\$1,770,100,000
Continuations:			
#	0	0	0
\$	\$0	\$0	\$0
Contracts:			
#	0	0	0
\$	\$0	\$0	\$0
Interagency Agreements:			
#	0	0	0
\$	\$0	\$0	\$0

¹ Assumes lapse of \$77 million.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2005 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Title IV-E Adoption Assistance (CFDA #93.659)

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Alabama	\$5,883,616	\$6,442,395	\$7,027,598	\$585,203
Alaska	6,329,861	6,931,020	7,560,608	629,588
Arizona	21,811,542	23,883,027	26,052,472	2,169,445
Arkansas	4,648,651	5,090,143	5,552,512	462,369
California	251,170,064	275,024,179	300,006,351	24,982,172
Colorado	16,270,683	17,815,942	19,434,275	1,618,333
Connecticut	18,871,005	20,663,222	22,540,191	1,876,969
Delaware	1,697,543	1,858,762	2,027,605	168,843
District of Columbia	11,084,816	12,137,563	13,240,094	1,102,531
Florida	44,660,776	48,902,298	53,344,400	4,442,102
Georgia	33,418,306	36,592,109	39,915,999	3,323,890
Hawaii	7,891,495	8,640,966	9,425,879	784,913
Idaho	2,455,212	2,688,388	2,932,591	244,203
Illinois	77,074,769	84,394,712	92,060,812	7,666,100
Indiana	25,852,401	28,307,655	30,879,016	2,571,361
Iowa	24,583,691	26,918,453	29,363,624	2,445,171
Kansas	9,482,413	10,382,977	11,326,127	943,150
Kentucky	15,713,509	17,205,852	18,768,767	1,562,915
Louisiana	14,770,842	16,173,658	17,642,813	1,469,155
Maine	14,100,333	15,439,469	16,841,933	1,402,464
Maryland	14,745,081	16,145,450	17,612,043	1,466,593
Massachusetts	24,936,027	27,304,251	29,784,467	2,480,216
Michigan	98,906,182	108,299,498	118,137,019	9,837,521
Minnesota	21,236,586	23,253,467	25,365,724	2,112,257
Mississippi	3,555,866	3,893,574	4,247,251	353,677
Missouri	25,669,306	28,107,171	30,660,321	2,553,150
Montana	5,796,609	6,347,124	6,923,673	576,549
Nebraska	6,410,866	7,019,719	7,657,364	637,645
Nevada	2,188,026	2,395,827	2,613,455	217,628
New Hampshire	1,945,894	2,130,699	2,324,244	193,545
New Jersey	27,859,321	30,505,176	33,276,152	2,770,976
New Mexico	10,627,411	11,636,717	12,693,753	1,057,036
New York	197,087,828	215,805,649	235,408,627	19,602,978
North Carolina	19,216,591	21,041,629	22,952,971	1,911,342
North Dakota	2,317,297	2,537,375	2,767,861	230,486

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Ohio	157,644,567	172,616,383	188,296,210	15,679,827
Oklahoma	15,506,992	16,979,722	18,522,096	1,542,374
Oregon	21,165,219	23,175,322	25,280,481	2,105,159
Pennsylvania	45,193,646	49,485,776	53,980,879	4,495,103
Rhode Island	5,965,687	6,532,260	7,125,626	593,366
South Carolina	12,939,501	14,168,391	15,455,395	1,287,004
South Dakota	2,111,752	2,312,309	2,522,351	210,042
Tennessee	13,049,981	14,289,363	15,587,356	1,297,993
Texas	48,658,802	53,280,025	58,119,783	4,839,758
Utah	6,051,444	6,626,162	7,228,057	601,895
Vermont	7,048,457	7,717,863	8,418,925	701,062
Virginia	12,323,429	13,493,809	14,719,537	1,225,728
Washington	22,277,068	24,392,765	26,608,513	2,215,748
West Virginia	10,990,344	12,034,119	13,127,253	1,093,134
Wisconsin	29,973,769	32,820,437	35,801,723	2,981,286
Wyoming	553,113	605,643	660,658	55,015
Subtotal	1,481,724,190	1,622,446,465	1,769,823,435	147,376,970
Puerto Rico	231,545	253,535	276,565	23,030
Subtotal	231,545	253,535	276,565	23,030
Total States/Territories	1,481,955,735	1,622,700,000	1,770,100,000	147,400,000
TOTAL RESOURCES	\$1,481,955,735	\$1,622,700,000¹	\$1,770,100,000	\$147,400,000

¹ Assumes lapse of \$77 million.

INDEPENDENT LIVING

Authorizing Legislation — Sections 470 and 477 of the Social Security Act.

2003 Enacted	2004 Final Conference	2005 Estimate	Increase or Decrease
\$140,000,000	\$140,000,000	\$140,000,000	\$0

2005 Authorization....\$140,000,000.

Purpose and Method of Operation

This program originated in 1986 and was permanently authorized as part of Public Law 103-66 in 1993. In FY 1999, the federal Independent Living Program was revised and amended by the enactment of Title I of Public Law 106-169, the John H. Chafee Foster Care Independence Act. The Foster Care Independence Act provides states with more flexibility and additional resources to support child welfare services designed to help youth make the transition from foster care to positive, productive adulthood.

This program provides services to foster children under 18 and former foster youth (aged 18-21) to help them make the transition to independent living by engaging in a variety of services including, but not limited to, educational assistance, career exploration, vocational training, job placement, life skills training, home management, health services, substance abuse prevention, preventive health activities, and room and board.

The current law has improved states' ability to actualize the goals of safety, permanence and well being for youth and young adults in the child welfare system. States have the authority to extend the lower age limit of youth in foster care who are eligible for independent living services, and states may use up to 30 percent of the Chafee Foster Care Independence Program (CFCIP) allotment to provide room and board (age 18-20) and other independent living services to youth (up to age 21) formerly in foster care. Other provisions of the law include: 1) a formula for determining the amount of state allocation based on a state's percent of children in foster care in proportion to the national total of children in foster care, using data from the most recent year available, instead of 1984; and 2) a "hold harmless" provision for the state allotments so that no state will receive less funding under CFCIP than it received in FY 1998 or \$500,000, whichever is greater. States now have the option of providing Medicaid to foster care youth until age 21.

Each state is eligible to receive a portion of the funds appropriated according to the revised formula. In order to be awarded federal funds, states must provide a 20 percent match.

Funding for Independent Living over the past five years has been:

2000	.....	\$140,000,000 ¹
2001	.....	\$140,000,000
2002	.....	\$140,000,000
2003	.....	\$140,000,000
2004	.....	\$140,000,000

Rationale for the Budget Request

The FY 2005 request of \$140,000,000 is the same as the FY 2004 Conference level. This will allow continued grants to support the basic Independent Living Program to provide services and support to children aging out of foster care.

¹ Includes a supplemental appropriation of \$35 million.

Resource and Program Data
Independent Living

	2003 Enacted	2004 Final Conference	2005 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$137,900,000	\$137,900,000	\$137,900,000
Discretionary			
Research/Evaluation	1,649,327	1,745,000	1,650,000
Demonstration/Development			
Training/Technical Assistance			
Program Support ²	412,301	355,000	450,000
Total, Resources	\$139,961,628	\$140,000,000	\$140,000,000
<u>Program Data:</u>			
Number of Grants	53	53	53
New Starts:			
#	53	53	53
\$	\$137,900,000	\$137,900,000	\$137,900,000
Continuations:			
#	0	0	0
\$	\$0	\$0	\$0
Contracts:			
#	2	2	2
\$	\$1,691,060	\$1,745,000	\$1,738,000
Interagency Agreements:			
#	2	2	2
\$	\$95,000	\$95,000	\$95,000

² Includes funding for information technology support, staffing and associated overhead costs, contract fees, printing costs, and support for Departmental evaluation activities.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2005 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Independent Living Program (CFDA #93.674)

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Alabama	\$1,424,559	\$1,424,559	\$1,424,559	\$0
Alaska	517,913	517,913	517,913	0
Arizona	1,472,642	1,472,642	1,472,642	0
Arkansas	739,431	739,431	739,431	0
California	26,242,256	26,242,256	26,242,256	0
Colorado	1,820,708	1,820,708	1,820,708	0
Connecticut	1,792,958	1,792,958	1,792,958	0
Delaware	500,000	500,000	500,000	0
District of Columbia	1,091,992	1,091,992	1,091,992	0
Florida	7,917,723	7,917,723	7,917,723	0
Georgia	3,009,395	3,009,395	3,009,395	0
Hawaii	637,044	637,044	637,044	0
Idaho	500,000	500,000	500,000	0
Illinois	7,033,085	7,033,085	7,033,085	0
Indiana	2,268,529	2,268,529	2,268,529	0
Iowa	1,262,606	1,262,606	1,262,606	0
Kansas	1,538,906	1,538,906	1,538,906	0
Kentucky	1,637,226	1,637,226	1,637,226	0
Louisiana	1,358,131	1,358,131	1,358,131	0
Maine	772,443	772,443	772,443	0
Maryland	2,998,630	2,998,630	2,998,630	0
Massachusetts	2,904,616	2,904,616	2,904,616	0
Michigan	7,490,475	7,490,475	7,490,475	0
Minnesota	1,980,507	1,980,507	1,980,507	0
Mississippi	730,819	730,819	730,819	0
Missouri	3,180,677	3,180,677	3,180,677	0
Montana	500,000	500,000	500,000	0
Nebraska	1,487,234	1,487,234	1,487,234	0
Nevada	500,000	500,000	500,000	0
New Hampshire	500,000	500,000	500,000	0
New Jersey	2,631,426	2,631,426	2,631,426	0
New Mexico	500,000	500,000	500,000	0
New York	11,585,958	11,585,958	11,585,958	0
North Carolina	2,425,696	2,425,696	2,425,696	0
North Dakota	500,000	500,000	500,000	0

STATE/TERRITORY	FY 2003 Actual	FY 2004 Conference	FY 2005 Estimate	Difference +/- 2004
Ohio	5,253,762	5,253,762	5,253,762	0
Oklahoma	2,173,319	2,173,319	2,173,319	0
Oregon	1,639,378	1,639,378	1,639,378	0
Pennsylvania	5,201,373	5,201,373	5,201,373	0
Rhode Island	588,722	588,722	588,722	0
South Carolina	1,162,373	1,162,373	1,162,373	0
South Dakota	500,000	500,000	500,000	0
Tennessee	2,351,538	2,351,538	2,351,538	0
Texas	4,654,993	4,654,993	4,654,993	0
Utah	530,592	530,592	530,592	0
Vermont	500,000	500,000	500,000	0
Virginia	1,747,745	1,747,745	1,747,745	0
Washington	2,177,865	2,177,865	2,177,865	0
West Virginia	792,537	792,537	792,537	0
Wisconsin	2,541,480	2,541,480	2,541,480	0
Wyoming	500,000	500,000	500,000	0
Subtotal	135,769,262	135,769,262	135,769,262	0
Puerto Rico	2,130,738	2,130,738	2,130,738	0
Subtotal	2,130,738	2,130,738	2,130,738	0
Total States/Territories	137,900,000	137,900,000	137,900,000	0
Technical Assistance	2,061,628	2,100,000	2,100,000	0
Subtotal Adjustments	2,061,628	2,100,000	2,100,000	0
TOTAL RESOURCES	\$139,961,628	\$140,000,000	\$140,000,000	\$0